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DEPARTMENT OF AUDITOR-CONTROLLER

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May 14, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES FISCAL REVIEW FOLLOW UP**

The Audit Committee requested a review of the Department of Community and Senior Services (CSS) progress in implementing the recommendations contained in our Fiscal Review, dated September 25, 2001. The Audit Committee also requested that we determine the status of the recommendations contained in audit reports issued in February 1998 and July 1998 related to procurement and May 1997 related to payroll and personnel. Additionally, as part of this follow up, the Audit Committee requested that we review the Department's contract solicitation process.

Results of Review

The Department has made progress in implementing the 35 recommendations contained in the four reports. The Department has fully implemented 16 (46%) recommendations, has partially implemented 13 (37%) recommendations, and the Department has taken no action on 5 (14%). One recommendation is no longer applicable. The recommendations that have not been fully implemented primarily relate to procurement and personnel and payroll issues.

In regards to CSS' contract solicitation process, we found the Department can improve its contracting solicitations by requiring the same evaluation team(s) to review all proposals within a service area, by fully disclosing the evaluation process in the solicitation documents, by requiring evaluation team members to provide comments to support their scores, and by requiring an appropriate mix of program and non-program staff on each evaluation team. Finally, our review disclosed that CSS' should evaluate developing a centralized contracting unit to oversee its contracting activities.

Review of Report

We discussed our report with the CSS management who agreed with our appraisal of the Department's progress in implementing the recommendations. Attached is the Department's initial response. The Department will provide your Board with a more detailed written response within 60 days of the issuance of this report, including the targeted implementation dates for recommendations identified as partially or not implemented.

We thank CSS management and staff for their cooperation and assistance during our review. Please call me or have your staff contact DeWitt Roberts at (626) 293-1101 if you have any questions.

JTM:DR:JK
Attachment

c: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Robert Ryans, Director
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Audit Committee
Public Information Office

Los Angeles County

Department of Community and Senior Services

Fiscal Review Follow Up

May 2003

Prepared by:

The Department of Auditor-Controller

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Department of Community and Senior Services

Fiscal Review

Recommendation Follow Up Report

Background/Purpose

The Audit Committee requested a review of the Department of Community and Senior Services (CSS) progress in implementing the recommendations contained in our Fiscal Review, dated September 25, 2001 and the recommendations contained in audit reports issued in February 1998 and July 1998 related to procurement and May 1997 related to payroll and personnel. Additionally, as part of this follow up, the Audit Committee requested that we review the Department's contract solicitation process.

Status of Recommendations

The Department has made progress in implementing the 35 recommendations contained in our Fiscal Review (15 recommendations) and three prior reviews (20 recommendations). Of the 35 recommendations, the Department has fully implemented 16 (46%), has partially implemented 13 (37%), and has taken no action on 5 (14%). One recommendation is no longer applicable. Recommendations are numbered consistent with the audit reports.

Expenditure Accruals (September 2001)

Recommendation 1

CSS closely review expenditures at the end of each fiscal year to determine the amount of expenditure accruals to be recorded at year end to ensure all expenditures are charged to the correct fiscal year.

Current Status: **NOT IMPLEMENTED**

Expenditure accruals (accounts payable) represent the amount owed at the end of a fiscal year that has not yet been paid. The Auditor-Controller (A-C) provides instructions to departments on how to account for and report these liabilities to help ensure the County maintains accurate records of its financial position and the results of operations.

Our original review disclosed that CSS did not establish expenditure accruals for Fiscal Year (FY) 1999-00 even though prior to the year end the Department received goods that had not been paid for. During this follow up, we noted the Department established expenditure accruals for FY 2001-02. However, we reviewed a sample of 15 payments posted to the accruals, totaling $278,683, and found that approximately $200,000 (72%) were related to current year expenditures and had been incorrectly charged to the accruals.

Trust Funds (September 2001)

Recommendations 2 and 3

CSS management determine the disposition of fund 7102, 7231 and 7239.

CSS management review all trust accounts yearly to determine if any should be closed.

Current Status: **IMPLEMENTED**

Our original review disclosed that CSS had three TK7 accounts (7102, 7231 and 7239) that were inactive for four years. During this follow up, we noted that CSS closed these accounts and appropriately transferred the remaining balances to the General Fund.

Excluding the inactive accounts, which we had previously identified, CSS has not conducted an annual review of their trust funds to determine if any should be closed. We noted that 4 (28%) of the Department's 17 trust funds had no activity (other than accrued monthly interest) during FY 2001-02. Subsequent to our bringing this to the attention of management, the Department closed three accounts, but indicated the fourth account is still needed.

Recommendation 4

The Department ensure all trust funds are reconciled monthly and are reviewed and approved by the Department's Chief Fiscal Officer or Accounting Officer.

Current Status: **IMPLEMENTED**

County Fiscal Manual (CFM) Section 2.3.0 requires departments to reconcile their trust accounts to the Countywide Accounting and Purchasing System (CAPS) monthly. These monthly reconciliations must be reviewed and approved by the Department's chief fiscal officer or accounting officer.

In our original review, we found the Department had not reconciled one trust fund in two years, and the monthly reconciliations of two other trust funds were not reviewed and approved by a supervisor. During our follow up, we noted the Department reconciled its 17 trust funds during FY 2001-02. We also noted that the reconciliations were reviewed by the appropriate supervisors.

Recommendations 5 and 6

Department management ensure that donation activities (revenues and expenditures) are accounted for in the normal budgetary process.

Department management ensure that County expenditures are not paid directly from its departmental trust funds.

Current Status: **IMPLEMENTED**

CFM Section 2.3.0 states that when a department expends donated funds, the department needs to transfer the cash from trust to an operating fund to recognize revenues. Recognizing revenue timely helps departments monitor their financial position throughout the fiscal year.

Our original review disclosed that CSS issued trust warrants directly from the donations trust fund. As such, expenditures related to this fund were not reported in the Department's budgetary accounting records. During our follow up, we noted the Department established a General Fund encumbrance for donation expenditures and correctly processed its four FY 2001-02 donation expenditures.

Recommendations 7

The Department obtain formal guidelines from the grantors for the disposition of these funds.

Current Status: **IMPLEMENTED**

In our original review, CSS did not have written guidelines from the various funding sources on the proper disposition of disallowed costs collected and deposited into trust. During our follow up, CSS management developed and issued to its staff the necessary guidelines for the proper disposition of disallowed costs in accordance with grantor requirements.

Procurement

Use of Vendor Codes (February 1998)

Prior Recommendation 2

CSS management ensure staff minimizes use of miscellaneous vendor codes.

Current Status: **IMPLEMENTED**

CAPS maintains a Vendor Table (VEND) containing codes for about 49,000 County vendors. CFM Section 4.3.6 requires that vendor specific codes be used to the fullest extent possible when processing vendor payments. Use of vendor codes reduces on-line data entry time, provides automated year-end reporting to the Internal Revenue Service, provides summary reporting on Countywide purchasing activity, and helps ensure vendors are properly established.

We noted during our original review that CSS staff regularly processed payment voucher transactions using a miscellaneous vendor code, rather than a specific vendor code. Approximately 30% of the transacations in which the miscellaneous vendor code was used, a specific vendor code was available.

During our follow up, we noted that the Department increased the number of instances in which a specific vendor code was used rather than using the miscellaneous vendor code. Specifically, the Department used a miscellaneous vendor code for 919 (9%) of 9,814 payment transactions for FY 2001-02. For 37 (4%) of the 919 transactions, the Department should have used an existing specific vendor code. However, we noted that the Department sometimes does not establish a vendor code when it should. For 38 (5%) transactions, the Department should have established a specific vendor code since the Department made multiple purchases from the same non-agreement vendors during the fiscal year.

Subsequent to our testwork, the Department has taken corrective action to improve its use of vendor codes. The Department sent approximately 65 requests to the Auditor-Controller (A-C) to add new vendor codes or update existing vendor codes in CAPS so that frequently used vendors have an appropriate vendor code.

Oversight of Procurement Operations (July 1998)

Prior Recommendations 1 and 2

CSS management re-affirm the authority, role, and responsibilities of Procurement Unit.

CSS management re-instruct procurement staff regarding procurement oversight responsibilities and establish performance expectations and goals to measure actual performance vs. established policies and procedures.

Current Status: PARTIALLY IMPLEMENTED

Our report disclosed that the Department had not established performance goals and the oversight of the procurement operation was limited. Accordingly, we recommended that management re-affirm the authority, role and responsibilities of the Procurement Unit, re-instruct staff on its oversight of procurement responsibilities and establish performance expectations and goals to measure actual performance. The implementation status of these recommendations was contingent upon the Department correcting their internal control weaknesses within the Procurement Unit.

During our follow up, we noted that CSS established a monitoring instrument to assist in evaluating the procurement staff's performance. In addition, the Department provided training to its procurement staff on County purchasing guidelines and procedures. However, despite the Department's efforts to correct internal control weaknesses, we continue to find the same procurement issues noted in our prior reviews. For example, the Department does not always match the vendor invoices to the agreement terms or maintain documentation to justify sole source purchases.

Compliance with Purchasing Guidelines (July 1998)

Prior Recommendation 3

CSS management ensure procurement staff is properly trained on County purchasing guidelines and the proper procedures when reviewing non-agreement purchases.

Current Status: **IMPLEMENTED**

Our original review disclosed that procurement staff needed additional training on purchasing guidelines. During FY 2001-02, the Department arranged for its procurement staff to attend a one day ISD training class on Procurement Policies and Procedures.

Prior Recommendation 4

CSS management establish mechanisms to monitor procurement staff for on-going compliance with County purchasing policies and procedures.

Current Status: **PARTIALLY IMPLEMENTED**

In our prior reviews, we noted that the Department did not monitor staff's compliance with County purchasing policies and procedures.

In 2002, the Department developed a monitoring instrument to assist in evaluating procurement staff's compliance with County procurement guidelines. The Department began using this instrument in August 2002. We reviewed the completed monitoring instruments for 14 purchase voucher transactions. We noted that nine (64%) of the 14 transactions did not comply with County purchasing guidelines and the monitor who completed the monitoring instrument did not detect the exceptions. For example, ISD purchasing guidelines require that departments keep on file a justification for sole source purchases. We found the Department did not maintain documentation to justify sole source purchases for seven (58%) of 12 non-agreement vendor transactions.

In addition, ISD purchasing guidelines require that non-agreement purchases over the Department's delegated authority of $15,000, include approval of ISD. For FY 2001-02, the Department had only one purchase over its $15,000 delegated authority in the amount of $45,225, which the Department processed without ISD approval.

Although the Department developed a monitoring instrument to evaluate procurement staff's adherence with County purchasing policies and procedures, the staff completing the instrument did not detect the instances of non-compliance noted above.

Vendor Agreements / Vendor Payments (July 1998)

Prior Recommendation 6

CSS management ensure staff maintains a complete file of vendor agreements and matches invoices to the agreement terms prior to approving vendor invoices for payment.

Current Status: IMPLEMENTED

We reviewed 10 agreement purchase transactions and noted that the Department maintained copies of the agreements for the 10 purchases. We also noted the prices charged by the vendor matched the prices listed in the agreements.

Prior Recommendation 7

CSS management ensure accounting staff responsible for accounts payable perform a match between the vendor invoice and packing slip to ensure goods have been received prior to payment.

Current Status: NOT IMPLEMENTED

The County Fiscal Manual (CFM) and the ISD Procurement Manual require departments to match various purchasing documents before processing invoices for payment. For items purchased from agreement vendors, these guidelines include a requirement that departments verify purchase amounts and terms against agreement prices and terms before processing invoices for payment. For all purchasing transactions, departments must also match the vendor invoice to the receiving report/shipping document and purchase order before processing the payment. This match is important to confirm that the number of items ordered, delivered and paid for agree.

In our prior review, we noted that 13% of the paid invoices sampled did not include a packing slip or other documentation to indicate the Department actually received the goods. For our follow up review, we examined 30 paid invoices and noted nine (30%) did not include a packing slip or other satisfactory evidence that the Department had actually received the goods.

Portable Equipment (September 2001)

Recommendation 15

Department management re-emphasize to location managers the importance of submitting completed portable equipment inventory listings to the Fixed Assets Manager annually, when requested.

Current Status: **PARTIALLY IMPLEMENTED**

Our original review disclosed that CSS managers did not submit an annual inventory listing of the portable equipment assigned to their units to the Fixed Assets Manager so that the portable equipment listing could be updated periodically.

During our follow up, we noted that CSS has not conducted an inventory of portable equipment since June 1999. The Fixed Assets manager stated that subsequent to our last review, the Department began conducting random inventory inspections rather than an annual inventory as required by the CFM. However, these random inspections do not constitute a complete inventory since not all locations are covered in this review.

We tested the Department's listing of portable equipment for completeness and accuracy. We reviewed 10 portable items from the listing and attempted to locate the item. We located seven (70%) of 10 of the items sampled. Upon investigation, we determined that two items were salvaged in 2000 and one item was stolen in 1996. In all three instances, the inventory record was not updated.

Travel Expenses (September 2001)

Recommendation 13

The Department reconcile the American Express (AE) billing statement to authorized travel requests and resolve any discrepancies as they occur.

Current Status: **PARTIALLY IMPLEMENTED**

Our original review disclosed that CSS staff did not reconcile travel agent billing statements to the authorized travel request. In our follow up, we noted CSS established reconciliation procedures. However, the procedures did not specifically require staff to reconcile charges listed on the billing statements to approved travel requests only. We reviewed 30 billings statements for travel charges incurred during FY 2001-02 and noted that staff reconciled three charges totaling $753 to travel requests that were not authorized. We discussed with the Department the importance of reconciling charges to only authorized travel requests. The Department stated that it revised the reconciliation procedures.

Recommendation 14

The Department maintain a control log to monitor travel advances and ensure expense claims are submitted and refunds due the County are collected timely.

Current Status: IMPLEMENTED

Our original review disclosed that CSS does not maintain a control log to monitor travel advances given to employees. During our follow up, we noted that the Department maintains a Travel Request/Advance control log that monitors travel advances and ensures expense claims are submitted and refunds due the County are collected timely. Based on the log, during FY 2001-02, the Department issued 65 travel advances to its employees and five refunds due to the County were collected timely.

Personnel and Payroll (May 1997)

Data Access Security Controls

Prior Recommendation 1

CSS management ensure compliance with County Fiscal Manual requirements that departmental payroll and personnel staff be precluded from having access to their own payroll/personnel information on CWTAPPS.

Current Status: IMPLEMENTED

Our original review disclosed that the Department's payroll and personnel staff could access their own payroll and personnel information on CWTAPPS. During our follow up, we determined that the Department changed the CWTAPPS functions whereas personnel and payroll staff no longer have access to their own payroll/personnel information.

Personnel and Pay Period Bonuses

Prior Recommendation 6

CSS management ensure that all bonuses are entered into CWTAPPS within Auditor-Controller deadlines.

Current Status: NOT IMPLEMENTED

Our original review disclosed that seven (70%) of the ten bonuses reviewed were entered into CWTAPPS an average of 31 days beyond the A-C deadline. During our follow up, we reviewed supporting documents for 15 bonuses and noted that eight (53%) were entered into CWTAPPS an average of 22 days beyond the A-C deadline.

Terminations

Prior Recommendation 11

CSS management ensure an individual, with no payroll responsibility, traces terminated employees' names to the Payroll Sequence Register for three consecutive months to ensure that the employee is not receiving payments for which they are not entitled.

Current Status: **NOT IMPLEMENTED**

In our original review, we noted that the Department did not trace terminated employee names to the Payroll Sequence Register. During our follow up, the Department indicated that the payroll secretary is responsible for tracing employee terminations to the Payroll Sequence Register. However, we noted the secretary also performs other payroll related tasks. Further, we noted that nine (90%) of the 10 terminations we reviewed were not traced to the Payroll Sequence Register.

Time and Attendance

Prior Recommendations 13 ,14 and 42

Reemphasize to employees the importance of submitting timecards to the Payroll Unit by the established due date.

Establish procedures that improve control and accountability over the submission of timecards to the Payroll Unit.

Reemphasize the importance of proper payroll reporting to all managers and hold them accountable for compliance to payroll procedures and timecard deadlines.

Current Status: **PARTIALLY IMPLEMENTED**

Our prior review disclosed that the Department had not effectively communicated to managers the importance of complying with timecard deadlines. Our original review also noted that seven (70%) of 10 employees we reviewed submitted timecards beyond the A-C deadline. During our follow up, we noted that the Department issued a memo on June 27, 2002, to all CSS staff reaffirming timecard requirements, particularly the importance of proper and timely submission of timecards. This memo also outlines the Payroll Unit's process and role in monitoring and holding employees accountable for timely timecard submission.

Although the Department has made efforts to adhere to payroll procedures and timecard deadlines, we noted instances in our follow up where CSS staff continue to submit timecards beyond the payroll deadline. For example, we reviewed the timecards for 30 employees and found that 11 (37%) submitted them on average 4.5 days late.

For those employees that submit timecards late, Payroll sends an e-mail to the employee and their immediate supervisor to advise them the timecard was submitted late.

Prior Recommendation 20

CSS management implement the use of pre-printed employee timecards to all employees.

Current Status: **PARTIALLY IMPLEMENTED**

In our original review, we noted that CSS required employees to manually print their name, employee number, etc., on the timecard. The Department is in the process of implementing a new pre-printed timecard system. The target date for the pilot implementation is July 2003.

Prior Recommendation 21

CSS management develop and implement procedures for processing/rejecting timecards containing erasures, corrections, cross-outs or missing information.

Current Status: **PARTIALLY IMPLEMENTED**

In our original review, we noted that many timecards reviewed had cross-outs and adjustments that were not approved/initialed by management. During our follow up review, we noted that the Payroll Unit rejects timecards that contain erasures, corrections, cross-outs and white-outs. The Department's procedure is to accept a timecard if the employee and their supervisor initial the timecard next to the cross-out or correction. However, we noted that the Payroll Unit continues to process timecards with unauthorized cross-outs or corrections. Specifically, four (15%) of 30 timecards we reviewed had cross-outs or corrections that were not approved/initialed by the supervisor.

Prior Recommendation 24

CSS management develop procedures that incorporate CWTAPPS' automatic leave defaulting feature as Department policy.

Current Status: **IMPLEMENTED**

In our original review, we noted that CSS Personnel staff was not utilizing the CWTAPPS leave defaulting feature. During our follow up review, we found that the CSS Payroll Unit subsequently implemented procedures that incorporate CWTAPPS' automatic leave defaulting features. As a result, staff no longer have to manually research available leave balances.

Prior Recommendation 25

CSS management instruct the Payroll Unit to discontinue maintaining manual Master Timecards and utilize information maintained by CWTAPPS and viewable on-line and/or provided on reports.

Current Status: IMPLEMENTED

In our original review, we noted that the Department used manual Master Timecards to post leave usage variances, record salary rates, post overtime and leave accruals, as well as maintain leave balances and track employees with marginal balances. In our follow up review, we noted that during FY 2001-02, the Payroll Unit discontinued the use of manual Master Timecards and began utilizing the CWTAPPS' monthly reports as the official record of employee time and benefit balances.

CWTAPPS Reports

Prior Recommendation 37

CSS management ensure Payroll/Personnel Unit staff document their reviews of CWTAPPS reports as required by the County Fiscal Manual.

Current Status: IMPLEMENTED

In our original review, we noted that CWTAPPS reports were not annotated to document the payroll supervisor's review, disposition and date that corrective action was taken. During this follow up, we reviewed copies of the CWTAPPS exception reports for July and September 2002. We noted that the payroll clerk reviewed the exception reports, investigated exceptions, processed necessary adjustments each pay period and annotated the dates of corrective action, if any. The Personnel Officer verified that the adjustments made by the payroll clerk were processed timely and accurately.

Miscellaneous Payroll Issues

Prior Recommendation 40

CSS management ensure that an individual at each location is designated as Timecard Coordinator and held responsible for making sure that all payroll requirements are met.

Current Status: IMPLEMENTED

In our original review, we noted that the Payroll Unit designated timecard coordinators to gather and submit timecards. However, these coordinators were not responsible for ensuring all payroll requirements were met, such as ensuring all staff submitted timecards or that staff submitted them timely. During this follow up, we found that the coordinators primary duties have been expanded to include ensuring all payroll requirements are met. The timecard coordinators have been directed to report to their supervisors any noted areas of non-compliance.

Prior Recommendation 41

CSS management ensure that the Department's payroll manual is completed and that payroll training is given to all employees in the Department.

Current Status: **PARTIALLY IMPLEMENTED**

In our original review, we noted that CSS did not have a written payroll manual or provide payroll training to employees and their managers. In this follow up, we noted that the Department developed a payroll manual in January 2003. In addition, in FY 2002-03, the Department provided all payroll staff with A-C facilitated payroll training and is in the process of training all employees on the payroll requirements.

Contracting (September 2001)

During FY 2002-03, CSS administered 549 contracts totaling over $124 million. The Department's contracting processes are decentralized in that each program unit solicits, procures, and manages its own contracts without centralized oversight or accountability.

Our Fiscal Review contained four recommendations to improve the Department's contracting processes. In this follow up, at the request of the Audit Committee, we also reviewed other areas of the Department's solicitation processes, such as the proposal scoring and processes used by the evaluation committee to rank proposals. We focused our review on four programs; Community Services Block Grant, General Relief Opportunities for Work, Area Agency on Aging Act Integrated Care Management and Workforce Investment Adult Special Needs. These four programs have a total of 162 contracts totaling $23 million. The following are the results of our review.

Recommendation 8

Ensure questions (and points assigned) on the rating instruments are phrased to be more objective and provide a better basis to support the evaluator's rating.

Current Status: **PARTIALLY IMPLEMENTED**

In our original review, we noted that some questions on the rating instrument were phrased in a yes/no format and should be either restated or expanded to be more objective and provide a better basis to support the evaluator's rating. During our follow up, we noted that the questions on one (25%) of the four rating instruments we reviewed needed to be restated or expanded to be more objective.

Recommendation 9

Ensure that the weight given to the cost factor is at least equal to the weight given to the highest other evaluation factor.

Current Status: **NOT APPLICABLE**

In our original review, we noted that the Department did not weigh the cost factors on non-Proposition A solicitations at least equal to the weight given to the highest other evaluation criteria. However, the above recommendation is only applicable to Proposition A contracts. The Department reported no Proposition A contracts during FY 2001-02.

Recommendation 10

To the extent possible, ensure the same evaluation team(s) review all the proposals within a service area.

Current Status: **NOT IMPLEMENTED**

Our original review disclosed that due to the volume of bids received, evaluation teams did not always review proposals received for the same service area. To ensure a consistent comparison of proposals for a specific service area, the same evaluation team(s) should evaluate all the proposals for a service area. During our follow up, we noted that for three (75%) of the four solicitations, the same evaluation team(s) did not review all the proposals for specific service areas. For example, for the General Relief Opportunities for Work (GROW) solicitation, the Department randomly distributed the 61 proposals received for services in 15 GROW sites among three teams of two evaluators each.

Recommendation 11

The Department closely monitor the contracting process to ensure that delays in contracting are minimized and that contracts with service providers are executed before they start providing services to the clients and before the start of the grant term.

Current Status: **IMPLEMENTED**

In our original review, we noted the Department operated without valid contracts for the first nine months of FY 1999-2000 for 15 providers that we reviewed. During our follow up, we noted that for the four solicitations reviewed the Department obtained approval from the Board before services were provided to the clients and before the start of the grant term.

Recommendation 12

To the extent possible, the Department standardize the monitoring instruments used by the contract monitors (and independent accounting firms) and the frequency in which service providers for all programs are reviewed.

Current Status: **PARTIALLY IMPLEMENTED**

Our original review disclosed that the monitoring instruments used to evaluate service providers' program and fiscal performance varied among programs. In October 2002, we issued a report on CSS' contract monitoring efforts. The report noted that the monitoring instruments used by CSS contract staff did not review all key areas or the questions/monitoring steps listed on the instrument needed to be rephrased to better document the contractors' degree of compliance. In response to our October 2002 report, CSS issued a draft Contracting Manual in December 2002 that included an improved monitoring instrument. The Department plans to finalize the manual along with the revised monitoring instrument by July 2003.

Solicitation Documents

We reviewed the solicitation documents used by four CSS programs (i.e., the Community Services Block Grant (CSBG), Area Agency on Aging (AAA), Work Investment Act (WIA), and General Relief Opportunities for Work (GROW)) to determine if the appropriate solicitation was used (e.g., Request for Proposal, Invitation for Bid, etc.) and if the documents provided an adequate explanation of the proposal evaluation process, including the evaluation criteria. Our review noted the following:

- **The documents did not always fully disclose the evaluation process.** The document used for AAA did not disclose the passing score or ranking for proposals to be considered for the next phase of the evaluation process, funding. The document used for CSBG did not include the criteria to be considered for funding. According to program managers, they determined the point cutoff (or passing score) after the evaluation team reviewed and scored all proposals.

- **The Department used a Request for Proposal (RFP) solicitation for its CSBG program without including a Statement of Work (SOW).** The SOW identifies the specific services, and methods to deliver those services, the Department expects the contractors to follow and is required in RFP solicitations. According to program managers, a Statement of Work was not included in order to allow potential bidders to develop more creative solutions to achieve the program's desired outcomes. A more appropriate solicitation method would have been the Request for Concept Papers (RFCP), which allows proposers more flexibility in developing creative service delivery models by not requiring a detailed SOW.

CSS management needs to ensure that the solicitation documents disclose the evaluation process, particularly the passing scores or rankings by which proposals are considered for funding or contract award. CSS management also needs to ensure that the appropriate solicitation process is used and all the necessary documents are included.

Recommendations

CSS management:

1. **Ensure that the solicitation documents disclose the evaluation process, particularly the passing scores or rankings by which proposals are considered for funding or contract award.**

2. **Ensure that the appropriate solicitation process is used and all the necessary documents are included.**

Proposal Scoring

As part of our review, we selected a sample of 68 evaluation sheets used in four solicitations to ensure the scores were added correctly. We noted that 10 (15%) of 68 contained one or more arithmetic errors. The scoring inaccuracies noted did not affect the final outcome of the solicitation process. However, in some instances, scoring inaccuracies can result in incorrectly awarding contracts to proposers that did not receive the highest ranking. CSS management needs to ensure the evaluation scores assigned to proposals are mathematically accurate.

Recommendation

3. **CSS management ensure that the evaluation scores assigned to proposals are mathematically accurate.**

Evaluation Instrument Comments

In our current review, we noted that the Department does not always ensure that the evaluation team members provide sufficient written comments on the evaluation instruments to support their scores. In 30 (44%) of the 68 evaluation sheets we reviewed, the evaluators did not provide sufficient written comments to support their scores.

Recommendation

4. **CSS management ensure that evaluation team members provide sufficient written comments to support their scores.**

Evaluation Committee Process

As part of our review, we compared the actual processes used by the evaluation committees to rank the proposals to the processes described in the solicitation documents. Overall, the evaluation committees appropriately followed the processes identified for the GROW, WIA and CSBG solicitations. As identified above, the solicitation documents for the AAA program did not identify the evaluation process.

We also noted that for the AAA solicitation, the Department did not require team members to meet as a group to discuss their scores. Specifically, team members were instructed to review proposals independently and discuss their scores individually over the telephone, if requested by an evaluation team member. CSS management should require that all evaluation teams meet as a group after reviewing proposals to discuss their scores and attempt to resolve significant scoring differences.

In addition, we noted that for the GROW solicitation, the majority of the panel was closely involved in the program that it evaluated. For example, four of the six panel members worked for the program being evaluated. Technical expertise is essential in reviewing evaluations, however, this particular panel make up could give the perception that the panel would rely on their personal knowledge and experience rather than on the proposals themselves. We noted for the other three solicitations we reviewed, the evaluation teams included individuals not directly affiliated with the programs. CSS management should enhance the integrity of the process by having an appropriate mix of program and non-program staff comprise the evaluation teams.

Recommendations

CSS management:

5. **Ensure that evaluation team members meet as a group to discuss their scores and attempt to resolve significant scoring differences.**

6. **Enhance the integrity of the evaluation process by having an appropriate mix of program and non-program staff on the evaluation panel.**

Oversight Responsibilities

Overall, our review disclosed that CSS could benefit from the development of centralized oversight of its contracting function. The Department does not have a dedicated contracting unit responsible for overseeing its procurement processes. Rather, contract management is based on assigning program staff the responsibility for preparing and distributing proposals, developing proposal evaluation instruments, evaluating proposals, and writing contract documents for procurement within their programs. In addition, the background and training of staff assigned this responsibility is primarily in program related areas and not contracting or procurement.

As noted above, our review disclosed some inconsistencies in the Department's contracting practices and weaknesses in the evaluation process. Notwithstanding these issues, nothing came to our attention to indicate that the Department's contract awards were inappropriate. However, to strengthen its contracting function, CSS management should evaluate developing a centralized contracting unit to oversee its contracting activities.

Recommendation

7. **CSS management evaluate developing a centralized contracting unit to oversee its contracting activities.**

ROBERT RYANS
Director

COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY

BOARD OF SUPERVISORS

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May 13, 2003

J. Tyler McCauley
Auditor-Controller
525 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Mr. McCauley:

On March 26, 2003, staff from my Department met with Auditor-Controller staff to review and discuss the results of your Department's Fiscal Follow Up Review. The meeting was informative and provided my managers an opportunity to evaluate the progress that the Department of Community and Senior Services has made to improve its fiscal operations.

Generally, we agree with your Department's assessment of the implementation status of the recommendations noted in your September 25, 2001 Fiscal Review. We are committed to continually improve our fiscal processes and guidelines. My Department will prepare a more detailed response to the Board of Supervisors within 60 days that identifies a corrective action plan to implement the recommendations that the audit staff reported as partially or not implemented, including the targeted implementation dates.

We appreciate the assistance of your audit staff throughout this review and welcome their comments to improve our fiscal operations.

If you have any questions, please call me at (213) 738-2617 or your staff may contact Kenneth Kessler at (213) 738-2620.

Sincerely,

Robert Ryans
Director